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असाधारण

EXTRAORDINARY

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प्राधिकार से प्रकाशित

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Separate paging is given to this Part in order that it may be filed as a separate compilation.

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## LOK SABHA

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The following Bill was introduced in Lok Sabha on 7th August, 2003:—

BILL No. 58 OF 2003

*A Bill further to amend the National Bank for Agriculture and Rural Development Act, 1981.*

BE it enacted by Parliament in the Fifty-fourth Year of the Republic of India as follows:—

1. This Act may be called the National Bank for Agriculture and Rural Development (Amendment) Act, 2003. Short title.

61 of 1981.

2. In section 21 of the National Bank for Agriculture and Rural Development Act, 1981 (hereinafter referred to as the principal Act),— Amendment of section 21.

(a) in sub-section (1), in the opening portion, for the words "to State co-operative banks", the words "to State co-operative banks, central co-operative banks" shall be substituted;

(b) in sub-section (3), in clause (a), for the words "to any State co-operative bank", the words "to any State co-operative bank or central co-operative bank" shall be substituted.

Substitution  
of new  
section for  
section 22.

3. For section 22 of the principal Act, the following section shall be substituted, namely:—

Conversion  
loan for  
production  
credit.

"22. Where the National Bank is satisfied that owing to drought, famine or other natural calamities, military operations or enemy action, any State co-operative bank, central co-operative bank, regional rural bank or any such financial institution or any financial institution falling under any such class of financial institutions, as may be approved by the Reserve Bank in this behalf, requires assistance under this section, it may provide to such bank or institution such financial assistance as it may deem fit by way of making loans and advances repayable on the expiry of fixed periods not exceeding seven years and on such terms and conditions as may be specified in this behalf by the National Bank:

Provided that loans and advances may be made under this section only for the purpose of enabling the borrowing bank or institution,—

(a) to pay any dues to the National Bank for credit extended for financing agricultural operations or the marketing of crops under clause (i) of sub-section (1) of section 21, or

(b)(i) to make loans or advances to central co-operative banks or primary rural credit societies in cases where the borrowing bank is a state co-operative bank, and

(ii) to make loans and advances to primary rural credit societies in cases where the borrowing bank is a central co-operative bank,

and such loans or advances in both the cases being repayable on the expiry of fixed periods not being less than eighteen months and not exceeding seven years, by way of reimbursement of loans and advances made by such co-operative banks or societies for agriculture or agricultural operations or for reimbursement of such loans or advances which have been converted into loans or advances repayable on expiry of fixed periods not being less than eighteen months and not exceeding seven years from the date of conversion:

Provided further that no loan or advance shall be made under this section to a State co-operative bank or a central co-operative bank unless such loan or advance is fully guaranteed as to the repayment of the principal and payment of interest, by the State Government."

## STATEMENT OF OBJECTS AND REASONS

The National Bank for Agriculture and Rural Development Act, 1981 established a development bank for providing and regulating credit and other facilities for the promotion and development of agriculture, small scale industries, etc. One of the principal activities of the NABARD is to refinance agriculture credit. Representations have been received from various quarters to reduce the rate of interest on crop loans. Recently, the public sector banks agreed that crop loans to farmers up to Rs. 50,000 would carry interest not exceeding 9% per annum.

2. Co-operative Banks are important players in the disbursement of crop loans. A similar effort has also been initiated in respect of the co-operatives. Every year NABARD extends refinance at a concessional rate of interest to State Co-operative Banks for agriculture credit. Since this refinance passes through several tiers of the co-operative system, at each of these tiers transaction costs get added, which ultimately have then to be borne by the borrower, who ends by paying a much higher rate of interest. As NABARD refinancing to District Central Co-operative Banks (DCCBs) directly, does not at present exist, it is proposed to amend the NABARD Act, 1981 to introduce this refinancing of DCCBs directly, on a voluntary basis. The States which volunteer to implement the scheme shall have the benefit of this direct refinancing. This method will reduce transaction costs, directly benefiting the farmers having accounts in co-operatives for their agriculture credit and reducing the cost of credit.

3. Therefore, it is proposed to amend the NABARD Act, 1981 to enable NABARD to refinance Central Co-operative Banks directly.

4. The Bill seeks to achieve the above objects.

NEW DELHI;  
*The 4th August, 2003.*

JASWANT SINGH.

G. C. MALHOTRA,  
*Secretary-General.*